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# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2218

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## DEVELOPMENT OF TELECOMMUNICATIONS SYSTEM DESCRIBED

Tirana ZERI I POPULLIT in Albanian 3 Dec 81 pp 2-3

[Article by Perikli Pani, director general of posts and telecommunications: "The Development and Continual Improvement of Postal and Telecommunication Services"]

[Excerpts] On 3 December the postal and telecommunications workers celebrate the 40th anniversary of the postal and telecommunications workers strike. Today our country has a communications system featuring a compact network of overhead and cable telephone lines, with much equipment and machinery which ensures communications for the people and the organs of the party, state and economy in the cities and in the villages and with points outside the country.

Our state has made considerable investments, which increase from year to year, for the strengthening and advancement of postal and telecommunications services. Today we have 580 postal and telecommunications offices, compared to 68 in 1938. The growth rates in the volume of services executed are great. In the telephone service the growth rate is 225 times what it was in 1938 and in the telegraph service it is 10 times. The number of telephones is 13 times what it was in 1950.

Some important successes in the area of posts and telecommunications during the years of the people's government include the fact that all villages of the country were linked by telephone in 1973, inter-urban cables have been laid in some districts, multi-channel high-frequency apparatus has been installed, posts and telecommunications offices were opened in all agricultural cooperative centers in 1976, thus satisfying the needs of the management organs in the villages and the needs of the cooperative members. Some recent achievements include the installation of automatic telephone centrals and the augmenting of their capacities in some of the larger cities and the installation of the "Telex" telegraph system in 1978. Together with the telephone and mail systems this service plays an important role in communications between our country and many other states. Through the automatic telegraph central which has been set up in Tirana, in addition to its service to points outside the country, the "Telex" telegraph service has been extended into 12 districts, thus ensuring direct communications between central organs and organs of the party and government in these districts.

The postal and telecommunications plant has played an important role in this development. It has been transformed from a primitive workshop to a technical base for the production of equipment and spare parts for communications. Today it produces automatic and manual telephones, inter-urban centrals and switchboards, relays, spare parts for teleprinters, equipment for the construction and installation of devices, etc.

These successes have been possible thanks to the work and struggle of the workers, specialists and cadres educated and trained by the party. These cadres and specialists have increased their technical knowledge and its practical expression in work and, in addition to servicing the repairing the machinery and equipment, have drawn up and executed plans for the installation of automatic centrals and other electronic equipment. They designed and constructed the lines for overhead and cable networks and these operations were executed by specialists in technicians in the districts.

In light of the duties assigned by the 8th party Congress, great importance is assigned to the further improvement of the technical readiness, and quality of the services, to the expansion of the system and to increasing the level of utilization of the existing means. Also, the inter-urban, urban and international communications systems will be further developed by the introduction of radio relay systems for increasing operational channels and by initiating the automation of communications, expanding the "Telex" and "Gentex" telegraphic communications systems, completing the reconstruction of communications systems in the villages, etc.

The successful execution of these tasks and the increase of the effectiveness of investments depend, to a great extent, on the good organization of research, scientific, and design work, on the efforts which are being made for the domestic production of spare parts and equipment, on the taking of all preparatory measures, from research and design to construction and commissioning of new projects.

CSO: 2100/31



GOVERNMENT PROHIBITS EXPORTS OF CERTAIN CONSUMER GOODS

Sofia DURZHAVEN VESTNIK in Bulgarian 3 Nov 81 pp 1019-1020

[Text] Council of Ministers--Decree #36 of 29 October 1981, for the restriction of export of consumer goods by foreign citizens.

The correct socio-economic policy of the Bulgarian Communist Party ensures a constant increase in the living standard of the people. The internal market is becoming richer and more varied with consumer goods. The degree of satisfaction of the needs of the population with food and other goods is constantly increasing.

In recent years the purchases of food and other goods by foreign citizens have increased. They buy and export considerable quantities because of the much lower retail prices in our country in comparison with the prices in the neighboring countries as well as in some other countries. The measures for the protection of the internal market which have been taken by the customs officials until now are not efficient enough and do not bring about the required results. Because of this it is necessary to implement additional measures for the restriction of the export of consumer goods. Such measures have already been taken by other socialist countries.

In order to avoid difficulties which may arise in the supply of the population with basic consumer goods, the Council of Ministers decrees:

Art. 1 (1) Prohibits the export of food and non-food consumer goods by foreign citizens in accordance with appendix #1. The goods found at the customs checkpoints shall be confiscated by the state in accordance with the Customs Law and the statutes for its implementation.

(2) The Minister of Finances together with the Minister of Internal Trade and Public Services may, if necessary, make expedient changes in the list of goods which are prohibited for export by foreign citizens.

Art. 2 (1) Determines the duties to be imposed on goods exported or imported by physical persons according to appendix #2.

Final Ordinance

Par. 1 Repeals decree #46 by the Council of Ministers of 1979 and the approved with it tariff. (D.V., issue 80 of 1979)

Par. 2 The decree comes into effect with its publication in Durzhaven Vestnik.

President of the Council of Ministers: Grisha Filipov  
Chief Secretary of the Council of Ministers: Ivan Shpatov

Appendix #1 to art. 1, par. 1

List of the goods which are forbidden for export by foreign citizens.

#### I. Food

1. Meat and meat products
2. Beans
3. Packeted flour
4. Sugar
5. Cooking oil
6. Imported spices
7. Baby foods
8. Rice

#### II. Other goods

1. Baby clothes and shoes
2. Cotton textiles
3. Natural silk textiles
4. Blankets--cotton and woolen
5. Underwear--cotton and woolen
6. Mens' and ladies' shoes (more than 2 pairs)
7. Electrical washing machines--all kinds
8. Electrical vacuum cleaners
9. Double rate electric meters and clocks
10. Household porcelain
11. Enamel and stainless household wares

Appendix #2 to art. 2, par. 1

Customs tariffs for levying duties on goods exported and imported by physical persons.

#### Name of goods

#### Duty

##### I. Export duties

|                                 |             |
|---------------------------------|-------------|
| 1. Milk products                | 300 percent |
| 2. Cereals and baked products   | " "         |
| 3. Butter, lard, margarine      | " "         |
| 4. Sugar products               | " "         |
| 5. Honey                        | " "         |
| 6. Canned fish and meat         | " "         |
| 7. Coffee, cocoa, tea--imported | " "         |

|  |             |
|--|-------------|
| 8. Red pepper--ground  | 300 percent |
| 9. Wool, wool yarn, wool textiles  | 200 percent |
| 10. Outer woolen garments  | " "         |
| 11. Carpets and carpet products--Persian type  | " "         |
| 12. Natural, artificial and synthetic leathers and products from them                  | 200 percent |
| 13. Detergents   | 200 percent |
| 14. Electrical heating and cooking stoves  | " "         |
| 15. Crystal glassware  | " "         |
| 16. Electrical drills and grinds   | " "         |
| 17. Small processing machines  | " "         |
| 18. Brass fixtures--for everyday necessities   | 200 percent |
| 19. Cutlery and silverware--stainless  | 200 percent |
| 20. Sewing machines--all types   | " "         |
| 21. Color TV sets--"Sofia 81"  | " "         |
| 22. Photomaterials   | " "         |
| 23. Gas and diesel fuel in foreign registered vehicles in excess of their normal tanks | 200 percent |
| 24. Other goods not mentioned here   | 20 percent  |

## II. Import duties

|  |             |
|--|-------------|
| 1. Stoves, installations etc. which use liquid fuels derivatives of oil                              | 100 percent |
| 2. Engines, engine blocks, chassis and body for cars as well as musical systems                      | 60 percent  |
| 3. Machines and appliances for processing of wood and metals   | 20 percent  |
| 4. Jewelry, cosmetics and perfumes, ethereal oils, alcoholic beverages, tobacco and tobacco products | 20 percent  |
| 5. Other goods not mentioned here  | 10 percent  |

9804

CSO: 2200/25



## SLOVAIR OPERATIONS, 1981 PLAN DESCRIBED

Prague LETECTVI A KOSMONAUTIKA in Czech No 16, 1981 pp 620-622

[Article by Libuse Kavanova: "Presenting the Branches of Slovair"]

[Text] Asked to describe his country, probably every inhabitant of the CSSR would begin in a different way, but every one would be likely to give top priority to what was most important for his family and work life.

In our conversations with employees of Slovair, however, we encountered something different, for they all started in exactly the same way: "Are you aware that our republic's total area (12,787,700 hectares), more than half (6,868,400 hectares) is agricultural land?" This reaction and this degree of knowledge did not take us completely by surprise, because a sizeable number of the 1,200 employees had already made it crystal clear to us that they have direct ties to the land. Of our total land area, Slovair employees and equipment will service 5,160,000 standard hectares [defined in terms of quantity of material applied: 50 kilograms of material applied equals 1 standard hectare] this year.

This 5,160,000 standard hectares--which comes out to only a slightly smaller number of hectares of actual land area--is quite a bit of land. It is relatively easy to imagine these expanses of fields and meadows, and rather more difficult to conceive of them as a whole, but it is completely impossible to convey in a few words the amount of toil that is involved in servicing them.

But Slovair can do the job--on this the farmers rely implicitly.

But what can Slovair itself count on, and how must it proceed, since it has resolved to accomplish even more than it did last year? It can count only on its own "foreign exchange." It must observe a strict law of organization and division of labor at all its workplaces. This means that everyone, without exception, even though in differing forms, must concern himself constantly with the safety of flight operations, while also fulfilling a demanding work plan, of course.

The initial organizational structure, which went into effect on 1 July 1969, was geared to a certain volume of work, area of coverage, and number (319) of employees. It was essentially satisfactory for fully 10 years, even though the scope of work expanded from year to year to such an extent that today Slovair is a multipurpose enterprise. The new organizational structure, which has been in force since 1

February 1979, is suited to current responsibilities, conditions and needs. Since Slovair carries on special aviation operations in all the krajs and almost all the okreses of Czechoslovakia, its organization is adapted to the territorial breakdown of the two republics.

The management of Slovair (Eng O. Hudoba, director), which is headquartered in Bratislava, has five branches subordinate to it. Four of these have a common characteristic: they work together to meet the enterprise's annual plan by carrying on aviation work in their assigned portions of the territory of the CSSR.

And now, we present Slovair's individual branches.

Branch 01: nationwide helicopter operations and air taxi service.

Administrative headquarters: at Ivanka airport in Bratislava

Director: Eng Jozef Biely;

Number of employees: 120;

Aircraft: Mi-2 helicopters (16), Mi-8 helicopters (2), L-200 Morava aircraft (6);

Total area covered: 3,733,300 hectares, or 29.9 percent of total CSSR area;

Amount of agricultural land: 2,196,600 hectares, or 31.9 percent of CSSR total;

Area suitable for servicing by helicopter: 2,115,000 hectares, or 30.8 percent of CSSR total;

Plan for 1981: Mi-2's are to service 185,000 standard hectares of agricultural, forest and aquatic products area; Mi-8's are to perform 250 productive hours of flights for geological purposes, 390 productive hours of construction and installation work, and 400,000 kilometers of commercial air taxi service, involving 1,667 productive hours and transport of 1,860 persons.

This branch received its present mission in 1972. It was created by the merger of Branch 05 (which provided taxi service with L-200B's and, starting in 1971, with L-410's, on regular domestic routes), and Branch 06 (for helicopter operations and charter flights). Since Branch 01's main program involves helicopters, we should briefly mention its beginnings. Two Mi-1's and two Mi-4's purchased from the Ministry of National Defense in 1961 were initially used on an experimental basis in various sectors of the national economy (film, topography, geological exploration, monitoring high-voltage transmission lines, construction and installation work), but only occasionally in agriculture. Later on, their activity was expanded to include monitoring of the through gas pipeline and measurement of the radiation characteristics of antennas. An SM-2 bought in 1971 took over monitoring of the pipeline and of high-voltage transmission lines; after the end of its service life it was given to the Kbel museum. Starting in 1974 the work of wornout Mi-1's, Mi-4's and SM-2's was gradually taken over by the first two Mi-2's from Poland. Currently the Mi-2's are the principal model, not only in numbers, but also in terms of their use in agriculture: in 1977, 8 Mi-2's flew 2,815 productive hours, and last year 16 of them flew 4,820 productive hours. Good experiences with helicopters in construction and installation work were reflected from the outset in increasingly important assignments and intensified demands. In its first years, Slovair met the

demand with helicopters leased from Interflug (Wirtschaftflug, Berlin) and from the Ministry of National Defense. Starting in 1974 a workload of 640 productive hours was taken on by two of Slovař's own Mi-8's. The air taxi service has two important allestones: 1965, when this branch of Agrolet became the center of Ivanka airport, and 1969, when the then Branch 05 took on this mission. In 1973, as part of Branch 01, 30 L-200's flew 1,288,793 person-kilometers and 4,758 productive hours, and transported 13,526 persons. About 80 percent of the flights were commercial in nature and about 15 percent were ambulance flights; the rest were private flights. Gradually the L-200's wore out; of the six now on hand, one is reserved for special work (measuring atmospheric purity), and the others, at stations in Prague, Bratislava and Martin, fly missions (70 percent of them ambulance missions) for contract partners. Agriculture's needs are met by eight stations in the Czech republic and five in the Slovak republic, while two Mi-2's are available for the needs of the through gas pipeline.

Branch 02: agricultural aviation work with fixed-wing aircraft in the CSR (except for the East Bohemian Kraj)

Management headquartered at Prague-Ruzyn

Director: Eng Petr Touzinsky;

Number of employees: 298;

Aircraft: Z-37 Cmelak (80), An-2 (12), Z-42 (1), L-60 (1);

Total land area covered: 4,152,800 hectares, or 32.5 percent of CSSR total;

Agricultural land: 2,119,500 hectares, or 30.9 percent of CSSR total;

Area suitable for servicing by aircraft: 2,199,100 hectares, or 32 percent of CSSR total; area suitable for servicing by fixed-wing aircraft: 31.6 percent;

Plan for 1981: servicing of 1,923,000 standard hectares of agricultural land, an increase of 11 percent over 1980.

This branch originated when Agrolet was separated from Czechoslovak Airlines in 1969. It received several Z-37 and L-60 aircraft and was assigned to service agricultural land in the Czech Republic. It carried out this task for fully 10 years through four LO's [aviation sections] in Rakovnik, Holesov, Mnichovo Hradiste and Mariánské Lázně; then, in mid-1979 it divided its territory with the newly-created Branch 05 and handed over two LO's (Holesov and Mnichovo Hradiste) to the latter. In addition to the two remaining original LO's, the Hosin and Liberec LO's which were created as a result of reorganization within the enterprise have been helping it increase its work output since that time. Aviation work involving the tending of grains, beets, corn, hops and vegetables is performed by 80 crews from 35 main airfields. The branch is represented in almost all the okreses of three Bohemian krajs. For the LO's, as management centers, this creates an obligation to see that the agreed-upon amount of work is done on schedule. Moreover, for the second year in a row this branch has a greager obligation than the others, since it must strive for high performance levels in eradicating the leaf-roller moths in the Bohemian mountains.

This year, the An-2 crews have had a large share in the success of this program, with a performance level of 10,919 standard hectares. They spent only a few days away from their home bases, where they have the right to work year round, with precisely specified quantities of work. The same is true of the Z-37's, each of whose crews can, under good working and flying conditions, do the same amount of work as five agricultural machines brought in for the purpose.

**Branch 03: agricultural aviation work in the Slovak Socialist Republic**

Branch management headquartered at Ivanka airport, Bratislava

Director: Eng Lubomir Kovacik;

Number of employees: 240;

Aircraft: Z-37 Omelak (71), An-2 (10);

Total land area covered: 4,901,000 hectares, or 38.3 percent of CSSR total;

Agricultural land: 2,554,300 hectares, or 37.2 percent of CSSR total;

Land suitable for servicing by aircraft: 2,067,100 hectares, or 36.6 percent of CSSR total;

Plan for 1981: service 1,664,000 standard hectares of agricultural land.

The branch received its commission at birth, along with the example that previously, in 1957, Agrolet had already been able to service 308,800 standard hectares! Some 70 Slovaair pioneers at 26 stations set out to follow this worthy example. The quantities of work done, which have increased every year, may with complete justice be credited to the crews of the Z-37's; in 1977-1980 the An-2's were gradually put into service (initially they were Aeroflot's, but since last year Slovaair has had 10 of its own). Both models are in the hands of three flight sections: LO 301 in Bratislava uses them for its work in Senica, Dunajská Streda, Trnava, Trenčín, Galanta, Komárno and Semily okreses; LO 302 in Kosice is the contractor for the entire East Slovak Kraj; and LO 303 in Prievidza performs contract work for customers in the Central Slovak Kraj and three okreses of the West Slovak Kraj (Nitra, Topoľčany and Levice). Thus Slovaair's Branch 03 meets the requirements of 36 okreses, excluding Cadca Okres. It has 310 working airfields, 47 with hard surfaces, while its 67 crews are stationed on 34 main airfields. Each branch has its own specific character, and this branch's character has been determined once and for all by nature. Except in the region along the Danube and in the East Slovak plain, meteorological conditions and terrain pose a difficult task for the management, because for safety's sake most of the work can be carried out only by skilled, experienced crews--and on tight agrichemical schedules, which the branch must fully respect and meet.

**Branch 05: agricultural aviation work in Moravia and the East Bohemian Kraj**

Branch management headquartered at Slatina airport in Brno

Director: Eng Aurel Cipak;



Number of employees: 231;

Aircraft: Z-37 Cmelak (53), An-2 (12), L-60 (2), Z-42 (1);

Total land area covered: 3,733,500 hectares, or 29.3 percent of CSSR total;

Agricultural land: 2,196,000 hectares, or 31.9 percent of CSSR total;

Land suited for servicing by aircraft: 1,798,000 hectares, or 31.8 percent;

Plan for 1981: servicing of 1,388,000 standard hectares of agricultural land.

Last year the branch's assignment was to service 1,318,000 standard hectares. It overfulfilled its plan by servicing 1,364,908 hectares, aided by eight An-2's from Aeroflot which turned in a performance level of 130,332 standard hectares. Naturally they took part in the leaf-roller-moth eradication program (covering 23,658 standard hectares). However, when we began to introduce aircraft into agriculture in 1951-1963, it appears that many of this branch's employees were children of school age; when the Z-37 was demonstrating its ability to do various types of aviation work (in 1964-1967) there was no such thing as Slovair, let alone a branch responsible for aviation services to customers in the South Moravian, West Moravian and East Slovak Krajs, who have since become accustomed to Slovair's assistance. They were not interested in a beginner's capabilities, for the farmers had to meet their annual plan for 1979 and assure that the 1980 plan would be fulfilled. And the branch got its certificate on 1 July 1979! This youngest branch could not let down the enterprise, which was already a successful and increasingly sought-after partner of the agricultural and industrial enterprises--and they did not let it down, thanks to the pilots, mechanics and administrative personnel. There is not and never will be time to appreciate their merits one by one, nor to listen to their experiences in tranquillity, for not one of the 75 crews from the branch's 49 stations has time to look back: aviations services are justly being demanded by both the Hana plain and (frequently with much more vehemence) by the farmers in the East Bohemian Kraj; bits of land in the Beskydy and Jeseniky Mountains also must be serviced; and carrying out large volumes of work in the Bohemian-Moravian highlands on suitable agrochemical schedules is a considerable problem. Nonetheless, the branch demonstrated its capabilities in the first year of its existence, which naturally results in an obligation to achieve even higher output this year--as is the case with all the others as well. Fulfillment of the branch's plan for this year is a matter of good organization and management of the work done for 33 customers in the territories covered by LO 501 in Brno, which runs the stations in the South Moravian Kraj, Lo 502 in Holesov, which is responsible for aviation work in the North Moravian Kraj, and LO 503 in Mnichovo Hradiste, which concludes and carries out contracts with enterprises in the East Bohemian Kraj.

Even this sketchy "year's portrait" makes it clear that each branch has its own concerns hanging over its head. But we can also see clearly that in spite of this they are able to help each other out when the SOS goes out, and that all four are directly dependent for their existence on the work of Branch 04 (described in LETECTVI A KOSMONAUTIKA No 57, 1981, p 20). All of them have great obligations, but none has ideal conditions or everything it needs in its assigned area. They welcome every additional helping hand, or more specifically, every person interested in the



profession of agricultural pilot or aircraft mechanic. But beyond further occupational growth, they can promise nothing else attractive: neither glory, nor comfort, nor wages that would allow the "sweet life." Only interesting work, real man's work, demanding flying work, and frequently, extra work beyond the planned quantity, if there is a flood, or if something happens in the mountains--or anywhere--and Slovair's employees can come to the rescue with their planes and helicopters. But let us not dwell on such unpleasant thoughts; for in any case, the crews are sure to achieve worthy high performance figures this year if they are resolved to fulfill the plan--and of that there is no doubt.

P.S. The performance plan specified that by 20 June, 3,229,540 standard hectares were to be serviced; but as of 20 June the employees of Slovair had managed by their joint effort to overfulfill the plan at the 101.2 percent level.

8480

CSO: 2400/308

## SMALL-PLOT PRODUCTION NOT STEP TOWARD PRIVATE OWNERSHIP

Prague ZEMEDELSKE NOVINY in Czech 28 Nov 81 p 1

[Article: "Every Area Counts"]

[Text] The task of increasing the production of foods and creating the conditions for the maximum degree of self-sufficiency is one of the key tasks of our agriculture as well as of the entire national economy, particularly of those branches of the economy on which agricultural production is directly dependent. Developments in recent years have shown that reaching that goal is a very demanding task. The key factor may be above all the level of the socialist large-scale production of the unified agricultural cooperatives [JZD], state farms and collective agricultural cooperatives. However, our society cannot be indifferent to the question as to how much yield is obtained even from the kind of soil which for various reasons cannot be cultivated on a large production scale.

After the 16th CPCZ Congress and during subsequent party discussions, the question came to the foreground as to what to do, and how to do it, for each are of soil to be utilized in the best possible way. In the interest of stimulating this effort, the CSSR government has outlined the principles for a much more intensive process of developing supplementary production. For example, the process of fattening domestic animals and production of fruits and vegetables on a contractual basis was being stimulated in Czechoslovakia for quite some time. This is only the beginning, of course, but one can say that the results are good. However, it should be noted that for the time being we are not taking advantage by any means of the great opportunities provided by the pieces of land owned by smallholders, even those pieces of land which cannot be cultivated by machinery, whether they be meadows or sometimes even arable land, or gardens, and so on. For years, we have been neglecting this source of enrichment of the market with foods, and above all the source of food used for the purpose of self-supply. Even agricultural management organs have not paid enough attention to it.

In the course of a few years, a situation was created in which there was practically no source of food production in rural areas, except for cooperative and state-run facilities. As a result, the state had to take over the tremendous burden of procurement, when at the same time the amount of available land was greatly limited (there are only 32 ares of arable land per capita of population in our country today!). We have gradually reached a stage in which the citizens in our rural areas depend in many cases exclusively on buying milk, meat, eggs, and even vegetables in cooperative stores, while the price level of foods which could be obtained to a considerable extent from small-plot production is low. The smallholders of land and other interested parties are not at fault. They were brought into this

situation by various circumstances. For example, organizers of agricultural production have paid little attention so far to the question of how to create appropriate material conditions for the useful hobbies of persons interested in tilling the soil after work in cooperatives, on farms, and of many people working in industry who live in rural areas. For the time being, these conditions have been absent and continue to be absent. But if the federal government said "A" mainly be instructing the competent organs and organizations that they have to utilize much more even such opportunities of enriching the market, then it is not enough simply to let them have pieces of land. It is also necessary to implement promptly another government resolution which provides that the competent production and commercial organizations have to make sure that small cultivators and animal breeders can get various tools, grains, seeds, seedlings from tree nurseries, fertilizers, pesticides and protective devices for animal production, piglets, calves, and so on.

This is provided for in the principles approved recently by the federal government. Of course, the important thing is that these principles should be observed by lower organs, particularly in cooperatives and on state farms. We have found very often precisely in this area that management workers are not interested in promoting this initiative. They use all kinds of excuses, saying for example that small-plot production and so on could endanger production in JZD from the viewpoint of manpower, or that it would lead to misappropriation of fodders, fertilizers, and so on available in cooperatives or on state farms. Such an approach will not help a good cause.

That will be reflected in larger quantities of meat available on the market in those okreses where contractual fattening of farm animals is successfully expanded. This means direct incentives, and when some people contribute to the effort, they will derive an advantage from it. Even with regard to the growing of fruits and vegetables, national committees will be creating optimal conditions for direct sale of these products. This will undoubtedly also revive the good old tradition of market places, of stalls erected in shopping centers.

Administrative organs of animal breeders and owners of small plots are becoming very important. Very dedicated and experienced people work in them. Of course, willingness and effort are not enough to raise the level of supplementary production. It also requires timely undersanding by other people. That is the only way to include very rapidly tens of thousands of hectares of parcelled land in the food-production process.

However, nobody should interpret this intent as a step backward or actually as an effort to weaken socialist large-scale agricultural production. It definitely is not so and will not be so. Cooperation of cooperatives and state farms with small cultivators and animal breeders is being intensified more and more in all socialist countries. This applies, for example, to the program carried out after the 26th CPSU Congress in the Soviet Union, and in the same way in Bulgaria, Hungary, and other countries. Supplementary production of foods is playing its positive role everywhere. This process does not involve any kind of private enterprise activities. Instead, it involves, first of all, an effort to utilize the initiative of the people who show interest in this activity after they have finished their work in their principal employment in agriculture, industry and elsewhere. This interest will be commensurate with the way the task is handled, primarily by organizers of agricultural production, national committees, and processing and commercial organizations. Indeed, it will depend on them how succesful we are as early as next year in obtaining additional amounts of various agricultural products.

OFFICIAL VIEWS PROSPECTS OF GRAIN INDUSTRY IN NEW PLAN PERIOD

Budapest ELEMESZESI IPAR in Hungarian No 10, 1981 pp 372-375

[Article by Dezso Tanito, Main Department of Plan Management of Ministry of Agriculture and the Food Industry: "Development of the Grain Industry in the Fifth Five-Year Plan and Its Goals for the Sixth Five-Year Plan"]

[Text] Summary: Our agricultural production grew to a significant degree and changed considerably in quality in the course of the Fifth Five-Year Plan. Grain production per capita reached 1,300 kilograms and meat production exceeded 140 kilograms by 1980. The dollar accounting balance of the branch is double that of 1975.

A dual task will continue to have to be solved in the course of the Sixth Five-Year Plan: we must further improve the supply of food-stuffs to the populace and we must increase branch exports dynamically.

The grain industry will have a leading role similar to that of the preceding plan period in achieving these basic important goals.

The chief line of the economic policy for the Sixth Five-Year Plan period is a vigorous improvement of the balance situation of the people's economy, including the foreign economic balance therein, by increasing international competitiveness and through the efficiency of social production. The tasks of both agriculture and the food industry must be defined in the interest of achieving these goals.

The gross production value of agriculture--calculated at unchanged prices--increased to 113.4 percent by 1980, as compared to 1975, and the Sixth Five-Year Plan prescribes a similar increase, 112-113 percent, for 1985.

The production of grains increased more than 6 million tons, increasing 11.2 percent, in the course of the Fifth Five-Year Plan as compared to the Fourth Five-Year Plan Period, reaching 62.5 million tons. This is about 3.5 million tons less than planned, because the area sown was less than had been calculated.

One of the important goals and tasks of the Sixth Five-Year Plan is a further increase in the production of grains at a pace similar to the preceding 5 years. In the period 1980-1985, we want to increase the production of grains by about



10 million tons, by 16.5 percent, on essentially the same sown area, by increasing yields per hectare. This is justified by the almost 40 percent increase in agricultural exports and a further dynamic growth in the production of animals and animal products prescribed in the plan.

Naturally the increase in the production of animals, animal products and grains fundamentally influences and defines the activity and tasks of the Grain Trust.

Weighing the achievements of the Fifth Five-Year Plan period, it can be established that the enterprises of the Grain Trust carried out their tasks well and were able to adapt to changing conditions and more strict requirements.

The link between industry and agricultural operations improved significantly in the course of the past 5 years. The substantive and formal development of state purchasing work and contract signing and good cooperation made it possible to place in central reserves a quantity sufficient--depending on production--to ensure balanced grain and fodder management.

Between 1975 and 1980, grain purchases by enterprises of the trust exceeded 5 million tons, as an annual average, and as a whole approached 27.5 million tons during the 5 years, which is 44 percent of the production.

In addition to grains, they also purchased 200,000-300,000 tons per year of other important agricultural products--sunflower seeds, rice, peas, green hay flour, etc.

By the end of the Fifth Five-Year Plan period it was necessary to receive wheat in three quality groups and perform full laboratory tests on wheat classified as strain-improving. It can be said of the classification done in the course of purchasing--recognizing also the results of complaint tests--that they were based on correct and valid measurements.

The most important task of the trust is to supply flour according to the needs of the food industry and the populace. In general the enterprises carried out this task without significant quality problems.

The quantity of bread grains milled hardly changed in the course of the past 5 years, decreasing about 2 percent. The total quantity of flour produced changed in accordance with changes in consumption habits, the moderate reduction in per capita cereal consumption. The production of bread flour decreased significantly--about 10 percent--while the production of fine flour increased in accordance with demand, by 7.5 percent. The quantity of flour ground from 100 kilograms of edible bread grain hardly changed despite the change in the ratio of flour types. Among other things, this is thanks to the constant technological modernization of the old mills and thanks to proper leadership of the mills.

In the course of the Fifth Five-Year Plan, rice production dropped for a number of reasons--economic, technological, biological and weather. The grain industry took care of supply by importing husked rice. The increase in pearled barley production, in addition to expanding variety, contributed to a moderation of the imports of rice. In addition to the production of a number of "traditional" food industry products--such as shelled peas--there was progress in the production and marketing of new products. Corn flour and meal, rice flour, pea flour, soy flour, wheat bran,



wheat germ, etc. are increasingly better known and a sample shop to introduce baking industry use of these products was opened in Budapest. Baking industry products made with various flours--such as soy bread--can be obtained in more and more places.

In addition to foodstuffs production, another very important task of the industry is the manufacture and marketing of feed mixes and feed concentrates. The gross production value of animal husbandry increased 17.5 percent between 1975 and 1980. This great increase is well illustrated by slaughter hog production which increased a total of about 8 million as compared to the Fourth Five-Year Plan, or by an annual average of 1.6 million. Such growth by animal husbandry would have been impossible without the feed manufacturing, marketing and market regulating activity of the grain industry. Supplying small producers with grain feed and mixed feed and the development of the producers and resale shop network contributed greatly to a dynamic and even development of animal husbandry.

In the course of the past 5 years, the industry produced more than 15.5 million tons of industrial fodder. Total sales, including grain feed, protein, feed mixes and milling industry feeds, exceeded 23 million tons of which 35 percent, or 8 million tons, was sold to small producers. Between 1975 and 1980, sales to small producers increased 60 percent, from 1.1 million to 1.8 million tons. The quantity of feed traded during the 5 years approached half of the feed used by agriculture. In this plan period the Animal Protein Feed Producing Enterprise came under the direction of the Grain Trust. It thus became the task of the industry to produce protein of domestic animal origin and to obtain the raw materials as well.

One base for feed production is the import of large quantities of animal and plant proteins. During the 5 years, the industry imported about 2.5 million tons of plant protein and 300,000 tons of animal protein. As a result of a number of central economic and professional measures the rate of growth in protein use decreased while the production of animals and animal products increased--which was the result of efficiency in feeding and a reduction in specific feed use.

Grain is a product which can be exported in large volume and most economically for the economy and for our branch. In addition to satisfying domestic needs, an every greater proportion of the increasing production is exported. Between 1975 and 1980 we exported about 4 million tons of grain, which is 6.5 percent of the production. This quantity is well below what was planned. The reason for the shortfall was the dynamic growth of branches--hogs and poultry--based on large volumes of feed grain.

Based on broad food industry and commercial activity, the income of the grain industry enterprises from the export of other products is significant also. This is increased further by the income from transaction trade in grains. This usually involves the export of edible bread grain and the import of cheaper feed grain--barley.

The gross production value of the grain industry--calculated at unchanged prices--increased 11 percent between 1975 and 1980. The activity resulting in this growth was carried out without increasing personnel, while average personal income increased 30 percent.

Within the framework of a state special-purpose storage investment, the prescribed 700,000 tons of storage area was put into operation. But as a result of the dynamic increase in grain production, the shortage of storage space hardly decreased. Construction of the planned storage space was realized essentially within the prescribed framework of 3 billion forints, which was made possible by greater construction of light-frame storage and less construction of reinforced concrete silos.

Grinding takes place in 148 mills, with capacity utilization above 80 percent. Most of the mills are in old buildings which cannot be developed and they operate with amortized equipment. A total of three new mills have been built in Hungary in the past 35 years. One new mill each is under construction in Mohacs and Miskolc as part of investments in progress.

The Kecskemet concentrate manufacturing plant is being built in harmony with the rational organization of feed manufacture and marketing. The number of feed mixers exceeds 100. Most of these were set up in former mills; many of them are obsolete and working conditions are unfavorable. Most of the plants of the ATEV [Animal Protein Feed Producing Enterprise] are due for reconstruction, which is a most important task for the industry.

During the Sixth Five-Year Plan and beyond, the grain industry must also carry out more and greater tasks in a flexible way under economic conditions much more severe than heretofore. The existing and constantly changing regulator system compels better adaptability and more circumspect manufacturing and commercial activity. In addition to quantitative changes in production and export, there is need for significant progress in improving the quality of products and commercial work.

In the plan period up to 1985 the goal is a further vigorous increase in agricultural production. Within this the production of grains must exceed 15 million tons by 1985. The gross production value of animal husbandry will increase by more than 9 percent; within this the annual average production of slaughter hogs will exceed 10.7 million, which is 800,000 more than the average for the years 1975 to 1980.

The total export of the branch will increase by almost one-third; the export of agricultural products will increase more quickly, by 37.6 percent, and that of food industry products more moderately, by 29.8 percent.

The further dynamic growth of bread grain production, based on increasing yields, will be primarily for export. Internal use will not change substantially, as a result of a decrease in per capita cereal consumption, growth in the population and changes in consumer habits.

The task and goal of agricultural operations will be to produce the fodder needed for the livestock and to supply an even greater proportion of feed mixes. Thus we can decrease the superfluous movement of goods and improve the cost of fodder. The farms will market their extra feed grain through the enterprises of the Grain Trust. Manufacture of feed mixes by the industry will not increase but its role will remain very important, as in the previous plan period.

The grain industry will continue to supply feed for small producers, but to an increasing extent agricultural operations must be brought into supply in their own areas.

State purchasing will not increase at the same rate as production--because of the increase in fodders remaining in agricultural operations. Good contact between the industry and the grain producers will continue to be of great significance. Commercial, purchasing and production contacts based on medium- and long-term agreements and contracts are important. Based on the good examples and results thus far, they must take part in the development of agricultural production and in the spread of scientific achievements, technological and biological innovations, and types and techniques adapted to market needs.

The volume of milling will hardly change; according to our plans, central feed trade will not increase; but the export of grains will increase 2.5 times. Thus state purchasing, as an annual average, must reach 6.5 million tons, or 32 million tons total during the 5 years.

Based on an appropriate-type policy and quality acceptance and as a result of a further qualitative change in bread grain milling we must see to it that the quality of special-purpose flours always comes up to what is desired. It is necessary to develop even better contact with the baking industry. More even flour quality must be ensured by organizing deliveries. Parallel with the development of the baking industry, we must develop the transportation and storage of milled flour. This is a question not only of significant investments but also of organization and operation. The industry must make preparations for deciding on and carrying out the organization of flour supply to Budapest--where more than 20 percent of the population of the country lives and works--and for mill construction and reconstruction. The backwardness must be overcome as soon as possible; it is already very difficult to ensure development parallel with the baking industry.

The reconstruction program for rice production will continue during the Sixth Five-Year Plan and we are counting on the results which can be expected from the program. On the basis of this, demand will be satisfied with a decreasing volume of imports. The production and spread of new products for human use, expanding variety, continues to be a goal. We must adapt to changes in consumer habits quickly and flexibly and must influence them in advance also.

The importance of manufacture of and trade in feeds will not decrease despite the fact that we are not counting on an overall quantitative growth for the industry. Variety must increase, however; greater care must be turned to guaranteeing the content values and a more precise satisfaction of the needs of those keeping animals. We must begin manufacture of complete premixes and production of feed mixes on the basis of orders. Cooperation with the agricultural operations and production systems must be expanded. The quality of all this work will provide a foundation for the development of our animal husbandry.

The increase in the imports needed for production must be slower than the increase in the production and export of grains and animal products. Growth in the import of plant and animal proteins cannot exceed 3.5 percent. This means that we must increase the domestic protein base and the Animal Protein Feed Producing Enterprise will have an outstanding role in this. Its production must be expanded by at least 20 percent.

The import of plant proteins cannot really increase. The Vegetable Oil Industry and Laundry Products Manufacturing Enterprise must see to the production of first-class plant meals.



The quality and use of protein feeds significantly influences the efficiency of feeding and changes in specific grain feed use. The planned export of grain, animals and animal products can be achieved only by simultaneously reducing specific grain feed use.

While the production of grains will increase about 12.5 percent as compared to the actual production of 13.7 million tons in 1980, internal use will increase only 8 percent. The difference will make possible a 2.5-fold increase in current export. During the Fifth Five-Year Plan the food industry reserve fund was abolished; simultaneous with equalizing export price profits this covered, among other things, the reclassification of edible bread grain for fodder purposes. Now the export price profit stays with the grain industry and it must cover reclassification from its own resources. This has a favorable effect in more careful reclassification activity and in increased interest in export. The planned volume of grain export will require careful storage, handling, stockpiling, commercial work and transportation throughout the year. This calls attention to the need to create suitable storage areas and to an expansion of transportation and loading capacity, important for seller and customer alike. Thus it is possible--calculating at unchanged 1980 prices--that grain exports will provide about 17 percent of the export income of the branch and 40 percent of the export of agricultural products.

In the period 1980-1985, the developmental program for the state special purpose grain storage network can count on using 3 billion forints, the same as in the Fifth Five-Year Plan.

The construction of storage space must be realized in accordance with the trade in and use of grains. The type of storage to be built must be chosen on the basis of purpose, utility, specific investment cost, operating costs, life expectancy, and area and live work needs.

Working jointly and in association with the grain-producing agricultural operations to develop storage areas which best meet the goal and conditions, it is possible that in the course of the Sixth Five-Year Plan the grain industry will get more storage space by using state special-purpose money of the same amount as in the preceding plan period.

The goal must be to have both agricultural operations and industry contribute to an ever greater extent from their own resources to the construction of grain storage, thus increasing the size of storage capacity.

There will continue to be a need for the agricultural operations to undertake leased storage. In addition, in the coming plan period we will also not be able to do without emergency storage and storage methods depending on production results.

In addition to creating new storage areas, it will be necessary to realize significant developments in the Sixth Five-Year Plan. The goal will be to expand the capacity of the Animal Protein Feed Producing Enterprise and build a concentrate factory and a sack-decontamination station.

As an annual average, the utilization of milling industry capacity reached 80 percent. This high degree of use is coupled with a great exhaustion of milling equipment. Thus we must turn almost 13 percent of the gross value of fixed assets

(the gross value is 1.2 billion forints) to maintenance, while the value of the value reduction writeoff comes to about 4 percent. This justifies and makes necessary the creation and putting into operation, in the course of the Sixth Five-Year Plan, of milling capacity of at least 240 tons per hour. This will be covered primarily by their own resources and supplementary credits.

In the course of the plan period, in order to ensure an increase in personal income of a magnitude similar to the preceding plan period, we count on reducing personnel, now numbering 23,5000, by 2 percent, with an annual wage fund use of 105-106 percent.

Increasing gross production value more than 11 percent and realizing the described production and investment goals and tasks will continue to require responsible, outstanding work from every single worker of the industry.

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## BRIEFS

**MANPOWER REDISTRIBUTION**--The direction of labor force movement is revealed in that most manpower released from industry and the construction industry has found employment at agricultural producer cooperatives. Manpower at the said cooperatives has increased by 22,000. These workers have been absorbed chiefly by expanding auxiliary activities of cooperatives such as industrial work, construction or work related to consumer services. Regrouping carried out in enterprises has proved beneficial: There has been deliberate worker regrouping at the Telephone Factory, the Taurus Rubber Factory, the Lenin Metallurgical Works and elsewhere. At the Hungarian Ship and Crane Factory and the Cotton Textile Works, production of various commodities has been shifted rather than manpower in order to improve utilization of capacity. The trade unions approve of this method. At the congress, we emphasized that if possible, work rather than men should be moved to update the production structure. The future employment of superfluous manpower and its transfer must be carried out in a well-organized way. However, we must add that the method of asserting democracy in line with socially harmonized manpower regrouping is not entirely reassuring as yet. Therefore the presence of our trade unions is and will remain necessary. [Excerpt] [Budapest MUNKÁ in Hungarian No 11, 1981 p 1]

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VARIANT ECONOMIC REFORM PLAN BY TEAM 'NINE' PUBLISHED

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[Article by Wlodzimierz Bojarski et al: "Proposals by Team 'Nine': On the Threshold of the Reform"; passages enclosed in slantlines printed in boldface]

[Text] /The year 1982 is just around the corner—the year which was to initiate the economic reform which is being awaited by the entire nation with hope and some fear. Are we ready for the reform?/

The state of the preparations is alarming. Delays in preparing the necessary legislation are one cause of the uneasiness, while the critical start point, the state of the economy toward the end of this year, is another. The crisis is deepening! The supply of raw and other materials for industry is getting worse. The utilization of productive capacity is declining. The lack of foreign-exchange funds is reducing to a minimum the imports of materials and components, worsening the economic stagnation. The price regulations are a drain and completely destroy any sensible economic relations. The value of money is diminishing and trust in it has fallen to zero. Barter in kind is more and more effectively displacing money as a medium of exchange. Exports are further decreasing, thus depriving the economy of the possibility of imports. The confidence of creditors in our economy is declining.

In such a situation it is difficult to expect public contentment despite appeals and the search for new forms of national consensus and for a coalition of forces capable of jointly stopping the further growth of the crisis.

We are starting the reform under constantly UNFAVORABLE conditions. Should it then be postponed, delayed to a later period?

Such a trend is clearly emerging on the basis of economic emergency moves. This has certainly been the reason for the introduction of the concept of the so-called temporary systems-type measure. The critical economic situation SEEMINGLY prompts such reasoning. We believe that this premise is FALLACIOUS by its very nature because the resulting proposed solutions consist in the retention of the "old" system of economic management for an indefinite period of time and not just only in 1982. That is why the TEMPORARY MEASURE has been—irrespective of the intentions of its authors—negatively interpreted by the public as an attempt at a justified postponement of the reform proper to a later period.

Regardless of what they are called, interim solutions prolong the life of centralized allocation of material and financial (including foreign-exchange) resources. They prolong the entire ballast of the multiple-level, uncoordinated, countereffective price system. They change nothing in systems and price policies (further differentiation of wages not according to social and economic principles but according to force of duress, according to the effectiveness of "pressure groups" which now, for a change, act "from the bottom up"). Such interim solutions do not enhance exports either and, instead of causing the differentiation of production according to demand, they perpetuate the traditional structure of production. They do not stimulate innovations and technical progress either. They prevent money from fulfilling its function as a medium of exchange and a criterion of effectiveness, and they do not mobilize the cash resources of the enterprises and the public, especially the farmers.

The proposal of the "Nine" is diametrically OPPOSED to such an approach, such a policy.

#### Details of Our [Proposed] Reform

The economic reform of the 1980s MUST fulfill a dual role in Poland. As distinct from the reforms in other socialist countries and from our earlier reformist attempts, it should not only assure and perpetuate a rational functioning of the economy and accelerate its development but also at the same time break the back of the present crisis.

An interim alternative for a thus-construed nature of the reform is the introduction of a wartime-economy regime. This would bring temporary relief, but in the long run it would solve nothing. A wartime economy by its very nature is crisis-generating. After some time it creates new, deeper crisis situations. Thus this is an unacceptable alternative. There thus remains only a complete reform of the system such as would generate management mechanisms which are fundamentally different from their present-day counterparts.

This is because the crisis which we are now enduring is a total crisis. This means that it concerns the political sphere, the mechanisms and structure of power. It is a social crisis, a crisis of confidence, a source of the alienation of the authorities. It is also an economic crisis. It is thus an unconventional crisis, meaning that it cannot be eliminated through conventional means. First, its roots cannot be annihilated by means of the conventional methods of classical economics, because some laws of classical economics do not operate under certain conditions. Secondly, stopping this crisis requires a fundamental change in the system of functioning of the economy. And this entails the satisfaction of several requirements.

/Requirement 1./ The operating and financial autonomy of the enterprises should not merely be guaranteed by decrees like self-government but should become a universally OBLIGATORY rule from the very beginning of 1982. Any indispensable exceptions to this rule should be subordinated to it and closely defined in scope and time.

/Requirement 2./ The existing structural solutions and hierarchic system of direct administrative control must be rapidly and consistently ABOLISHED (being simply contrary to the rule specified in Requirement 1) instead of being merely reorganized!

/Requirement 3./ The state must perform a COMPLETE REORIENTATION OF ITS POLICY, that is, to completely alter its economic functions as reflected in the STIMULATION of the socially advantageous economic activities of autonomous units, protection of the nation against possible NEGATIVE consequences of these activities, and economic ACTIVIZATION of all social groups, especially of private farming, small industry, and services.

We are thus formulating a thesis which we consider justified and socially acceptable. That thesis is as follows:

THE ECONOMIC REFORM MUST BE INTRODUCED WITHOUT DELAY! AS OF THE BEGINNING OF 1982. THOSE PREMISES OF THE REFORM WHICH ARE NOT ADEQUATE TO THE NEEDS OR THE SITUATION AND THE POTENTIAL OF OUR NATION AND ITS ASPIRATIONS SHOULD BE IMMEDIATELY REVISED.

IN VIEW OF THE DIFFICULT CONDITIONS UNDER WHICH THE REFORM WOULD BE STARTED DURING THE PERIOD OF THE CRISIS AND OF ITS SURMOUNTING BY THE REFORM, AND IN VIEW OF THE NEED TO ASSURE THE EQUALIZATION OF OBJECTIVELY DIFFERENTIATED POSSIBILITIES OF DISCRETE ECONOMIC ORGANIZATIONAL UNITS [PLANT AND EQUIPMENT] IT IS NECESSARY TO INTRODUCE MECHANISMS THAT TEMPORARILY STIMULATE DESIRED ACTIVITIES AND INHIBIT SOCIALLY DISADVANTAGEOUS ACTIONS DURING THE INITIAL PERIOD OF OPERATION OF THE REFORM.

Below we present the correspondingly revised premises of the reform as well as the periodically necessary deviations from them.

No economic system can operate properly in the absence of an efficient monetary system. For this reason, we present below the following thematic arrangement of the economic system:

/--prices and wages;

/--taxes;

/--materials supply;

/--credit and savings;

/--foreign-exchange funds, foreign debts and their servicing./

#### Prices and Wages

Prices and wages are a fundamental element of the new economic system. This signifies the necessity of a fundamental change in prices and wages at the moment when the reform is started. Changes of this kind must be intended to:



1. establish a correct and internally harmonious structure of prices consonant with the needs created by the market economy. The period of time taken to reach the price structure proper to the Polish economy should be maximally short;
2. restore the market equilibrium and the proper price and wage-price relations;
3. adopt the supply-demand formula for price-formation and break once and for all with the outlay formula which by its very nature leads to a consistent rise in costs and an excessive depreciation of production factors;
4. restore to the prices—via the market mechanism—their informational function with regard to the profitability of economic undertakings;
5. eliminate, by means of price changes, product-type [goods and services] subsidies, inasmuch as price rises should be balanced by wage raises by virtue of the increase in living costs, although during the interim period the system of subsidies to the trading apparatus (but not to production) should be retained for a precisely defined period of time (e.g., 3 years).

#### The Incentive Function of Wages

The requirements for enhancing the incentive function of wages are, in our opinion:

1. assurance of the SOCIAL MINIMUM for all citizens who do not engage in economic activities on their own;
2. establishment of a coherent, simple, and nationally standardized wage system assuring every gainfully employed person with a much HIGHER INCOME than the minimum or the so-called guaranteed wage;
3. the abolition of any restrictions associated with the increase in wages for labor performed at the basic place of work.

Both in the structure and the level of wages we proposed the adoption of a model from a country that is comparable to Poland but in which the price and wage structure has evolved owing to the operation of market mechanisms. In such an economic system the fixing of prices for all or an overwhelming majority of goods is unnecessary. Only the prices of a limited number of goods crucial to the economy and consumers should be fixed; the prices of all other goods should be governed by the market mechanism. This would certainly result in the danger of an uncontrolled increase in prices by the enterprises because of the monopoly structure of our economy. The state should counteract this danger by intervening with the aid of economic instruments (taxes) and administrative decisions.

As for the wage issue, here the foremost question is the wage level. This is one of the topics being discussed with the public and the trade unions. The question of whether the initial wage level should be 100 percent or less of the model system is yet to be negotiated. Another important problem is the social minimum. The pertinent proposals and their acceptance by the public are indispensable prerequisites for taking steps in this field. The issue of the guaranteed wage also requires elucidation: it is obscured by many misconceptions rooted in the absolute ineffectiveness of the traditional wage systems which are completely unrelated to



the productivity and organization of labor, etc. We believe that the guaranteed wage should not be set at a high level (e.g., at the 1980 wage level), because there will not be enough funds for it. The guaranteed wage should be regarded as a means anticipating future efficient activity.

## **Taxes**

The tax provisions adopted in the reform and in the so-called temporary measure result in that--in view of the size of taxes and their restrictive, fiscal nature based on a sharp progression--an increase in production can occur only in the presence of an unchanged structure of outlays and a blocked wage level per employee. Thus there are no incentives for increasing production and making it more profitable. Particularly dangerous is the fact that no priorities [tax exemptions] have been assigned to the production of food and the supply of consumers as well as to the mining and power industry.

In such a situation, the following changes would have to be made in the projected tax system:

1. elimination of taxes levied for the Occupational Activization Fund--funds for this purpose should be allocated from the universal equalizing income tax;
2. replacement of the progressive income tax formula with a degressive one stimulating an increase in production and a decrease in costs;
3. treatment of the turnover tax, whose expediency is unquestioned, as an active instrument of state policy, i.e., differentiation of tax rates depending on the nature of the activity taxed. Regular adjustment of the tax rates would reflect social priorities;
4. during the interim period, the property tax should play the role of an instrument equalizing the starting conditions of enterprises in view of the differences in their facilities, loan-repayment burden, etc.

## **Trade**

This comprises domestic and foreign trade. The integration of both sectors would assure the adoption of the following operating principles:

1. the protection of the domestic market against impoverishment owing to excessive exports should be assured by means of export QUOTAS. The lists and scale of export quotas would be annually determined by the minister of trade and accepted by the Sejm, since such quotas represent restrictions on the legally guaranteed autonomy of enterprises;
2. the right to the direct conduct of FOREIGN trade activities should be granted to all socialized enterprises as an inherent attribute of their autonomy. Foreign-trade enterprises should become enterprises operating on the "36" principle [autonomy, self-government, and self-financing], and should be deprived of their monopoly position;

3. socialized enterprises should have the right to conclude export contracts at will, provided that they follow the restrictions ensuing from export quotas and the provisions governing the release of specified commodities for trade. The stimulators of exports should be customs policy and tax discounts granted for groups of commodities rather than to producers;

4. to protect the balance of payments, it is necessary to introduce import licenses, which should be granted by virtue of the law or upon submission of an export contract in the amount of, e.g., 30 percent of the amount of the contract. The right to utilize advance payments made by the foreign customer should not be restricted. Licenses granted by virtue of the law should be freely transferrable entirely or partially to coproducing enterprises. In addition, import licenses should be granted to private individuals upon examining the expediency of imports and the payment possibilities. Customs fees and treasury fees for private licenses should serve as regulators of imports. In cases of relinquishment of legally authorized import licenses, bonuses should be awarded;

5. enrichment of the domestic market with imported commodities should consist not only in imports of goods not produced in this country but also in imports of goods competing with their domestically made counterparts. This should serve to break the monopoly of domestic producers and streamline production. The list of preferred import goods should be determined by the minister of trade, and the granting of preferences to a commodity should entail customs and tax discounts for the importer.

#### Materials Supply

The supply of economic organizations, including private peasant farms as well, should be based on the principle of free trade ensuing from the "3S" rule. The implementation of this solution hinges on adapting this principle to trading organizations. This means abandonment of the principle of trading monopoly.

During the interim period there would be centralized allocation of specific raw materials and products. This should entail meeting the following requirements:

1. the resources to be allocated would be annually determined by the Sejm in the form of COMMODITY LISTS. Such lists would be revised by the Sejm on the basis of the balance of needs and resources presented by the government following consultation with the appropriate organs (trade unions, chambers of industry and commerce—which should be established);

2. only such resources are subject to allocation as can be rationally addressed to the customer with respect to both quantity and kind. Allocation in terms of value or an overall basis according to mean statistical consumption is to be avoided as unsound;

3. only some of the commodity stocks may be subject to allocation. The allocation list should serve to specify and assure supply quotas for selected sectors, especially for the infrastructure and the nonproduction sphere, while the aggregate allocated quantity of a given commodity (or commodity group) should not exceed 50 percent;

4. the material resources comprised in the allocation quotas can be realized according to the exclusivity principle through allotment by a central authority to the trading organization. That organization, in its turn, is obligated to conclude contracts with suppliers for the entire quota, and contracts with customers mentioned in the allocation list;
5. the Materials Management Office would supervise the implementation of supply deliveries in accordance with the established quotas.
6. quota allotments and allocation lists should be addressed directly to producers in justified cases (e.g., upon transit of bulk goods directly to customers);
7. goods not included in quotas are freely traded. In the event that customers experience financial difficulties, suppliers have the right to demand bank letters of credit;
8. for goods coming under the quota system, customers should pay an advance deposit equal in value to that of the entire shipment ordered. This would discourage the collection of allotments for the purpose of resale rather than production. The question of refunding the deposit should be considered; this could be done upon purchase of the next shipment under the quota or upon presenting proof of consumption in the form of products sold;
9. goods outside the allocation lists may not be sold on the basis of the exclusivity [monopoly] principle. Margin discounts should be applied to encourage various trading organizations to sell such goods.

#### Loans and Savings

Loans and savings are a factor harnessing together the economic activity of economic organizations and the public. The possibility of financing economic activity with loans from public savings should be assured. This should be in the nature of a purposive depositing of savings without administrative duress.

Here the following measures are recommended:

1. banks should accept TIME DEPOSITS bearing an interest rate higher than the anticipated rate of inflation. This should halt the HOARDING of savings in the form of GOODS. The funds accruing from such deposits should be earmarked for granting loans for investments with a short recoupement period;
2. sale of treasury securities in the form of, e.g., an agricultural loan for enabling private farmers to purchase PFZ [State Land Fund] lands;
3. accumulation of BOND CAPITAL by specified enterprises through the issuance and direct sale of their own bonds. Such accumulation should be made contingent on securing a guarantee from the state treasury. An interest rate higher than the term interest paid by banks on savings deposits should be fixed as to provide savers with an appropriate incentive for investing in the securities and bonds of enterprises;

4. enterprises should be enabled to lend investment funds to each other; this would provide the chances for a more rapid development of the coproduction base and for improvements in the structure of production and of coproduction imports;
5. enterprises should be given the right to grant short-term commercial loans, particularly as regards exports of raw materials and coproduction components, as then the prices obtained are more advantageous than in cash transactions. In the event of problems due to inadequacy of working capital, refinancing of loans by banks on convenient terms should be made possible.

#### Currency and Foreign Debts and Their Servicing

These represent the buckle fastening together the monetary system. Here we offer the following recommendations:

1. POLISH CURRENCY--THE ZLOTY should become a domestically and internationally accepted currency. A necessary though insufficient condition is the legal EXCLUSIVENESS of the zloty as the sole medium of payment in this country. This would result in the obligation of implementing export transactions exclusively in zlotys, thus creating a demand for the zloty abroad and making ours a convertible currency;
2. the fixing of the zloty EXCHANGE RATE at the very commencement of the reform. We propose that the exchange rate be fixed arbitrarily and at such a high level as to cause a radical depreciation of the zloty. The price level would be determined by establishing the average price of coal as a function of the quotient of the initial exchange rate of the zloty and the average price of coal on the European market. Other prices would be determined in relation to the price of coal;
3. public acceptance of the depreciation of the zloty would be possible given an appropriate revalorization of savings, whose level should be determined on the basis of the "social minimum" requirement agreed upon with the trade union, in terms of "old" and "new" prices, i.e., in terms of the ratio between the old and new prices applying to that social minimum. Since revalorization will apply solely to savings deposited in the banks, the public has to be informed of it in advance. Mutual debts of legal entities and individuals should also be subjected to revalorization;
4. an appropriate BANKING SYSTEM is a prerequisite for the stability of the zloty. The central bank must be made independent of the state administration and the principles governing ISSUANCE and CIRCULATION of currency should be legislated. The criterion used should be the generated national income. The printing of currency with the object of meeting the obligations of the state treasury, which is a main cause of the current crisis, should be prohibited. In addition to the central bank and specialized state banks, commercial banks should be established for financing specific projects or groups of enterprises, etc. To coordinate these activities it would be necessary to set up a council of banks that would stand guard over the currency and financial system of the Polish People's Republic;
5. the balance of payments is a special concern of the minister of the treasury. In addition to the control of foreign-exchange operations, this involves contracting



FOREIGN LOANS and servicing them. The related interest payments should not cause a deficit in the balance of payments. This is associated with the advantages accruing to Poland should it join the IMF. We believe that the main advantages could be the possibility of mutual protection of the currencies of the member countries, which would be of special importance to the initially weak zloty. Considerable advantages could also accrue from the participation of the IMF, chiefly from the purchase of the currencies of the other member countries with zlotys for the purpose of filling gaps generated by extensions of the interest-payment schedules with respect to payments for supplies financed on the principles of commercial credit. Here a basic problem is the accumulation of a SECURITIES RESERVE by the NBP [National Bank of Poland]. We believe that such a reserve can be accumulated in a perhaps sufficient amount if the public could be persuaded to entrust hoarded securities to the bank. Here, of course, a minimum of trust is needed, and this can be accomplished by placing the NBP under a statutory obligation to publish annual reports. Economic incentives could also be applied in the form of permits to take out of Poland an amount of zlotys equal in value to that of the securities sold to the bank, and by paying a specially advantageous interest rate on zloty deposits deriving from the sales of these securities.

#### Conclusion

We have presented here only a general outline of the new economic system for our economy. We will elaborate upon this sketch in the very near future, that is, when the economic reform is about to begin. Our elaboration will be linked to the SCENARIO OF TEAM NINE from barely 4 months ago--a scenario in which many topics have unfortunately remained quite current.

The proposals to be refined will apply in particular to:

- wage system and wage policy;
- price system;
- financial system of enterprises with income and funds;
- financing of central investments and enterprises;
- the banking system and the currency policy;
- the domestic market together with imports and exports;
- financing of technological progress and innovations;
- the tax system for enterprises and the population.

The foregoing proposals by the NINE [actually a 10-member group] were drafted by the team members: WLODZIMIERZ BOJARSKI, LEON BOJKO, ANDRZEJ BRATKOWSKI, JANUSZ GOSCINSKI (team leader), WITOLD MORAWSKI, and ANDRZEK ZAWISLAK. The following collaborated with the team and made decisive contributions, upon being invited to participate: WIKTOR ASKANAS, STANISLAW GRZYBOWSKI, KAZIMIERZ MYSLIWIEC, and TADEUSZ ZDZIARSKI.

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TRANSPORTATION SECTOR FAILING TO OBSERVE JOB SAFETY RULES

Bucharest LUPTA CFR in Romanian 31 Oct 81 pp 1, 2

[Unsigned article]

[Text] Proceeding from regard for man which the leadership of our party and state has elevated to the status of top concern, from the tasks and directives personally given by party secretary general Nicolae Ceausescu and materialized in the Program of measures approved by the Political Executive Committee of the CC of the RCP, the collective leadership of the Ministry of Transportation and Telecommunications [MTT], at an enlarged special meeting held on 5 June, examined the activity conducted by the MTT departments, centrals and units in the area of labor safety.

Undoubtedly, the analysis spotlighted major achievements, the impressive amounts spent under the prior five-year plan and further appropriated for ensuring superior working and living conditions, for protecting the health of working people in the transportation and telecommunications sector, and pointed out many aspects in which managerial and trade union officials, operating in compliance with the state laws, conducted vast projects to educate and train personnel exercising strict and effective supervision. But the focus was on what ought to be done further in terms of the measures which should be taken at each level so that in the transportation and telecommunications sector there should not be the slightest labor accident or any violation of the rules in force. In this connection, based on the analysis, the discussions and the proposals made and the conclusions drawn at the meeting, a comprehensive program of measures was worked out, with definite assignments, approved by the executive council and which, consequently, has become an order, binding for everyone. The program was also endorsed at the Plenary Session of the Committee of the Branch Trade Unions.

We must point out that in the units which displayed strictness and sense of responsibility in meeting the provisions of this order adequate results were obtained and the situation was better than that in the prior year. This was the case in the sector of automotive transportation, the sector of posts and telecommunications and of road transport, and in the sector of rolling stock enterprises no serious accident was registered this year. However, in some sectors, the situation is by no means satisfactory, the number of indiscliplines and violations of job safety rules having resulted in serious accidents rose in the sector of railroad transport, the sector of naval transportation and in the automotive repairs units, and in units such as

those under the Central for Railroad Construction and of the Central of the Danube-Black Sea Canal where they remained at the same high level. How can this be explained?

Examining the stage in following the provisions of the ministry's order issued after the analysis of 5 June, we note that in many units people felt that the tasks incorporated in the order become resolved by themselves. Hence, measures were specified to the effect that all the units that do not have the final operation authorizations must immediately meet the legal provisions. Of course, this involves a number of strictly mandatory projects. With the exception of a few sectors, almost nothing was done in this area. Moreover, it was directed that all the central job safety departments, in basic enterprises and units, be staffed with proper personnel, with strictly defined tasks and powers assigned to these workers. The units where this order was followed can be counted on one's fingers, and the situation continues to be unsatisfactory at the central level as well. This also largely accounts for the fact that on many jobs technical assistance is unsatisfactory, the workers assigned these duties do not fully complete their tasks and therefore acts of indiscipline which sometimes result in labor accidents occur.

A new aspect of the above-mentioned order involves self-supervision projects, completed by the unit managers at the production site on the basis of well specified programs and subject matter. The directors general of railroad centrals and regional centers and their assistants, the directors and deputy directors in the ministry central apparatus should have performed special investigations or, during their trips to units, devoted a certain amount of time exclusively to job safety problems and taken direct action to do away with deficiencies. Their findings should have been reported immediately to the deputy minister who is in charge of the sector involved. With rare exceptions, this task, also, was not completed and the deputy ministers, also, did not request this type of information.

In this context, can we be surprised by the fact that in the railroad sector, for example, the number of fatal labor accidents went up by eight compared to last year? What explanation can be provided by the leading body of the Railroad Department, the leading bodies of the railroad regional centers and especially those of the regional centers of Timisoara, Bucharest, Craiova, Cluj, Constanta and Iasi, or the directors of the central directorates in the department where traffic and commercial affairs through the units which they represent, are holding an uncoveted top place? Similarly, what explanation can be provided by the leading bodies of the Department of Naval Transportation and that of the Industrial Central for Automotive Repairs where likewise the number of these accidents has increased? How do they plan to materialize the decisions of the ministry's leadership and those of their own bodies of collective leadership?

We must add that the directorates for technical matters and for organization and control, also, did not rigidly fulfill their duties in terms of monitoring the meeting of the ministry's leadership decisions on schedule, with reports to the minister of transportation and telecommunications on any deficiency. In their turn, the trade union bodies, in accordance with the rights granted them under the law and the decisions adopted, must act more firmly in any case of violation of job safety rules.

Consequently, we draw attention to the need for immediate compliance with the rules. Nobody has the right to ignore the matters that underlie the health, body wholesomeness or even the lives of people, nobody has the right not to fully carry out his duties. The minister's order must be followed exactly and on schedule, in the slightest details, with the same strictness with which all the orders in transportation and telecommunications must be followed.

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